

VICTORY IN MULTI-MILLION DOLLAR NY TAX AUDIT OF EXEMPT RESIDENT TRUST

Hodgson Russ represented the Trustee of a trust that converted from a taxable New York resident trust to an exempt-resident trust in a multi-million dollar New York tax audit. At issue was whether the gain realized by the trust as the result of a substantial business transaction involving the termination of an S election was reportable on the last day of the resident period or on the first day of the exempt-resident period. Hodgson Russ took the matter through audit to a BCMS conference. New York ultimately agreed that the income was recognized in the exempt-resident period and therefore not subject to New York income tax.

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